

Behavioural Implications of Buy Now Pay Later (BNPL) Services: An Empirical Study of Youth Purchasing Decisions

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Abstract

The increased use of electronic modes of payments and doing shopping online has led to a surge in the use of buy now pay later (BNPL) services by young consumers. Although BNPL services present several advantages including flexibility and convenience in making payments, the option of delaying payments can have adverse effects on consumer decision-making process and purchasing behaviour. This paper examines the effect of BNPL services on the youth consumers' product choice and purchase timing and spending priorities. In addition, this paper analyses the differences in the number of BNPL-related spending between the generations. This paper has employed a survey research design where a quantitative study was conducted. Data was gathered from 198 youthful consumers aged between 18 – 35 years using convenience and snowball sampling techniques. The paper adopted a descriptive study design to guide the analysis of the data collected. Descriptive statistics, Multiple Linear Regression and One – Way ANOVA were performed to analyse the data set. In the regression analysis of the effect of BNPL services on product choice and purchase timing data, the model was significant at $F = 8.994$ and $p < 0.001$ respectively. From the analysis findings it was further revealed that BNPL services explains 8.4% of the variations in the selection of premium branded/products. The effect of BNPL services on purchase decision was a significant positive predictor of the selection of premium brands/products ($\beta = 0.292$, $p < 0.001$). On the other hand, the same analysis revealed that the effect of BNPL services on product choice does not significantly predict the purchase timing of the selected products ($p = 0.327$). Finally, the One – Way ANOVA procedure revealed that the mean BNPL related overall spending frequency among the different age groups differs significantly ($F = 4.858$; $p = 0.003$), with a large effect size ($\eta^2 = 0.070$). This paper concludes that BNPL services influence consumer purchasing behaviour and spending frequency varies among the different age groups. The paper further recommends that consumers should be wary when using BNPL services and remain cautious of the repayment schedules of the BNPL services providers to avoid getting into debt.

Keywords: Buy now pay later, BNPL, Youth consumers, Product choice, Purchase timing, Spending Beh-

aviour, Digital credit

Introduction

Buy Now Pay Later (BNPL) has become an essential online payment method and short-term credit option with the rise in e-commerce, smartphones and new electronic payment method. BNPL providers allow customers to buy goods and pay for them later, either in instalments or after a predetermined period, enabling the buyers to have more flexibility. Such services are becoming extremely popular among young people.

The availability of credit can affect consumer's choice behavior. By allowing consumers to defer payment, BNPL options could affect the type of products purchased, the timing of purchase and the prioritization of the spend.

Behavioral aspects associated with BNPL are especially significant for young customers. This age category relies on e-commerce websites more than anyone else and is therefore much more prone to the effects of alternative payment systems, such as BNPL. In addition, the literature review highlights the possible behavioral effect, including impulsive purchases, increased consumption and changes in spending behavior.

The present research paper will discuss two particular aspects of the study which were statistically analyzed. The first one was the effect of BNPL on the purchasing choices, which included such variables as decision-making time regarding the purchase and money priorities, so Multiple Linear Regression was applied. The second variable was whether the total spending frequency was different across age groups, which was analyzed using the One-Way ANOVA.

Research Objectives

1. To examine how Buy Now Pay Later services influence product choice, purchase timing and spending priorities among youth consumers.
2. To determine whether Buy Now Pay Later services encourage overspending and compulsive buying behaviour among youth consumers.

Review of Literature

1. **(Raj, 2024)** The research was done on the effects of BNPL services based on an analysis of the impact of materialism and impulsive buying behavior on compulsive buying behavior. The study establish that individuals who are materialistic get more involved in BNPL services and impulsive buying behavior and end up displaying compulsive buying behavior. From the result of the study BNPL impacts compulsive buying behavior through impulsive buying behavior.
2. **(Kumar, 2024)** Aim of this study is to find out the effects of BNPL on online shopping of the consumer. In this regard, it is observed that BNPL consumers show a high propensity to shop online compared to non-BNPL consumers, increasing 6.42%. The effects were found to be relatively stronger for younger consumers and for poorer consumers buying cheap products.

3. **(Schomburgk, 2023)** The impact of mindfulness on the use of BNPL services and its effect on the consumer well-being have been considered. The literature indicates that mindfulness decreases the use of BNPL services as it promotes self-control and prevents consumers from taking impulsive decisions. In addition to that, it was also found from the research that excess use of BNPL is harmful for the consumer well-being.
4. **(Ashby, 2025)** Within this paper, the influence of the Buy Now Pay Later (BNPL) strategy on the decision making and buying behavior of the consumer from the perspective of consumer behavior is explored. The BNPL strategy is found to have far more influence on the behavior of the consumer than even that of credit card purchase because of its installments pricing strategy.
5. **(Harasim, 2025)** The variables influencing the tendency of consumers to incur debt in relation to the advancement of FinTech and the emergence of the Buy Now Pay Later (BNPL) scheme have been examined. According to the results of the research, different economic, socio-demographic, and psychological factors like impulsive purchases, poor financial literacy, and social pressures lead to debt propensity. It has also been discovered that BNPL scheme makes consumers more likely to incur debt because it encourages impulsive purchases and conceals the true cost of financing.
6. **(Cheng, 2025)** Examined the effects of BNPL on the basis of time-inconsistency using game theory. It has been found out that BNPL has helped to reduce the negative effect of self-control problem in consumers as a result of which they can consume consistently. This has allowed firms to maintain their demand and make profits. However, the study has further found that even though BNPL makes firms more profitable, it reduces the consumer surplus due to overconsumption.
7. **(Öztürk, 2025)** The bibliometric study on the subject of Buy Now Pay Later (BNPL) as an innovative online payment method was carried out. It was found that the development of BNPL was rather quick since BNPL presented a number of benefits in payment management; however, there were certain problems related to overborrowing, debts and overspending by younger and poorer customers. It was also found that the researches on BNPL paid more and more attention to the consumer behavior and risks of debt.
8. **(Gopinath, 2026)** Analysis of the effects of facilitative and deterrent elements on the acceptance of BNPL among younger Indian consumers. It was established that there are positive effects of factors like affordability, flexibility, and promotion on BNPL attitude, but there are deterrent effects of financial, psychological, and privacy risk on BNPL attitude. It was concluded that the acceptance is achieved as a trade-off between the advantages and disadvantages of BNPL services.

Research Gap

Previous studies have explored BNPL within the context of online shopping, consumer decision-making, impulsive buying, over-consumption and spending behaviour. However, there has been limited empirical analysis on the impact of BNPL on the behavioural patterns of young consumers in India including differences in products bought, timing of purchase, spending priorities and differences in spending cadence across age groups

This paper attempts to address this issue by exploring two consumer behavioural hypotheses using a dataset of 198 young consumers.

Hypotheses

H₀₁: Buy Now Pay Later services have no significant impact on product selection, timing of purchases and priorities of spending among youth consumers.

H₁₁: Buy Now Pay Later services have a significant impact on product selection, timing of purchases and priorities of spending among youth consumers.

H₀₂: There is no significant difference in BNPL-related overall spending frequency among different age groups of youth consumers.

H₁₂: There is a significant difference in BNPL-related overall spending frequency among different age groups of youth consumers.

Research Methodology

Research Design: Descriptive Research Design

Sampling Technique: Convenience and Snowball Sampling

Nature of Data: Primary and Secondary Data

Sample Size: 198 respondents

In order to examine the impact of BNPL on the choice of products, the timing of purchase and spending priorities, a Multiple Linear Regression Analysis was conducted. In order to evaluate the differences in BNPL-related spending frequency between different age groups, a One-Way ANOVA test was performed.

Data analysis and Interpretation: Multiple Linear Regression

Variables Entered/Removed						
Model	Variables Entered				Variables Removed	Method
1	BNPL services influence the timing of my purchase decisions., BNPL services influence my choice of products.				.	Enter
a. Dependent Variable: BNPL influences me to choose premium brands/products that I would otherwise avoid.						
b. All requested variables entered.						
Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.291 ^a	.084	.075	1.060		
a. Predictors: (Constant), BNPL services influence the timing of my purchase decisions., BNPL services influence my choice of products.						
ANOVA						
Model	Sum of Squares		df	Mean Square	F	Sig.

1	Regression	20.225	2	10.112	8.994	<.001 ^b
	Residual	219.255	195	1.124		
	Total	239.480	197			
a. Dependent Variable: BNPL influences me to choose premium brands/products that I would otherwise avoid.						
b. Predictors: (Constant), BNPL services influence the timing of my purchase decisions., BNPL services influence my choice of products.						
Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.615	.530		3.045	.003
	BNPL services influence my choice of products.	.498	.118	.292	4.219	<.001
	BNPL services influence the timing of my purchase decisions.	.083	.084	.068	.982	.327
a. Dependent Variable: BNPL influences me to choose premium brands/products that I would otherwise avoid.						

Interpretation

The regression model was statistically significant ($R = 0.291$, $R^2 = 0.084$, $F = 8.994$, $p < 0.001$), which implies that purchase decision-making process of the young consumers is significantly predicted by BNPL factors. The factors related to buy now pay later usage significantly and the positively predicted the decision making of the customers towards product choice ($\beta = 0.292$, $p < 0.001$), whereas the factors related to the timing of purchase were insignificant ($\beta = 0.068$, $p = 0.327$). Therefore, since the overall regression model is significant at 5%, we reject the null hypothesis and accept the alternative hypothesis.

Data analysis and Interpretation: One-Way ANOVA

Descriptives								
BNPL services increase my overall spending frequency.								
	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
1	6	3.50	.837	.342	2.62	4.38	3	5
2	38	3.58	.919	.149	3.28	3.88	2	5
3	78	4.15	.869	.098	3.96	4.35	2	5
4	76	4.14	.905	.104	3.94	4.35	2	5

Total	198	4.02	.918	.065	3.89	4.15	2	5	
Tests of Homogeneity of Variances									
						Levene Statistic	df1	df2	Sig.
BNPL services increase my overall spending frequency.				Based on Mean		.462	3	194	.709
				Based on Median		.904	3	194	.440
				Based on Median and with adjusted df		.904	3	177.994	.440
				Based on trimmed mean		.448	3	194	.719
a. Confidence Interval: 0%									
ANOVA									
BNPL services increase my overall spending frequency.									
	Sum of Squares	df	Mean Square	F	Sig.				
Between Groups	11.594	3	3.865	4.858	.003				
Within Groups	154.325	194	.795						
Total	165.919	197							
a. Confidence Interval: 95%									
ANOVA Effect Sizes									
						Point Estimate	95% Confidence Interval		
							Lower	Upper	
BNPL services increase my overall spending frequency.				Eta-squared		.070	.010		.136
				Epsilon-squared		.055	-.006		.123
				Omega-squared Fixed-effect		.055	-.006		.123
				Omega-squared Random-effect		.019	-.002		.044
a. Eta-squared and Epsilon-squared are estimated based on the fixed-effect model.									
b. Negative but less biased estimates are retained, not rounded to zero.									
Multiple Comparisons									
Dependent Variable: BNPL services increase my overall spending frequency.									
Tukey HSD									
(I) Age Group	(J) Age Group	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval				
					Lower Bound		Upper Bound		
1	2	-.079	.392	.997	-1.09		.94		

	3	-.654	.378	.311	-1.63	.33
	4	-.645	.378	.324	-1.62	.34
2	1	.079	.392	.997	-.94	1.09
	3	-.575*	.176	.007	-1.03	-.12
	4	-.566*	.177	.009	-1.02	-.11
3	1	.654	.378	.311	-.33	1.63
	2	.575*	.176	.007	.12	1.03
	4	.009	.144	1.000	-.36	.38
4	1	.645	.378	.324	-.34	1.62
	2	.566*	.177	.009	.11	1.02
	3	-.009	.144	1.000	-.38	.36

*. The mean difference is significant at the 0.05 level.

BNPL services increase my overall spending frequency.

Tukey HSD

Age Group	N	Subset for alpha = 0.05
		1
1	6	3.50
2	38	3.58
4	76	4.14
3	78	4.15
Sig.		.123

Means for groups in homogeneous subsets are displayed.

a. Uses Harmonic Mean Sample Size = 18.268.

b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

Interpretation

In order to make the comparison between the influence of the frequency of overall spending through BNPL among various age groups, a one-way ANOVA test was performed. In that way, a statistically significant difference was established among the means of the groups: $F = 4.858$; $p = 0.003$. The correlation was moderate as the size of the effect was $\eta^2 = 0.070$. According to the Tukey's HSD test results, there is a statistically significant difference between the group of people aged 21 – 23 years and the group of people aged 24 – 26 years; there is a significant difference between the group of people aged 21 – 23 years and the group above 26 years old. Therefore, with $p < 0.05$, the null hypothesis is rejected and the alternative one is accepted.

Overall Findings

- BNPL services turned out to have a noticeable impact on the choices between products and the decision to purchase made by young people.

- The model of multiple regression was proved to be significant ($R = 0.291$, $R^2 = 0.084$, $F = 8.994$, $p < 0.001$).
- The impact of the choice of products turned out to be a significant positive predictor ($\beta = 0.292$, $p < 0.001$).
- Buyers' timing was not a statistically significant individual predictor ($\beta = 0.068$, $p = 0.327$).
- The BNPL-related overall spending frequency varied significantly among respondents depending on their age ($F = 4.858$, $p = 0.003$).
- The highest mean spending-frequency scores were reported by the 24–26 age group (4.15) and those 26 years old and older (4.14).
- There was a significant difference between the 21–23 years group and the 24–26 years group, as well as between the 21–23 years group and the above 26 years group, revealed by Turkey HSD test.
- It should be mentioned that both performed tests resulted in rejecting the null hypotheses and accepting the alternative ones.

Conclusion

- It is necessary to state that BNPL services have a substantial impact on the purchasing and spending culture of young people.
- Spending frequency differs greatly among various age groups.
- Moreover the research proves that “buy now and pay later” options affect the buying behaviour of young people.
- The young customers must be careful while taking BNPL services and should think about their future ability to pay back the amount before purchasing anything on it.
- The organizations dealing in BNPL services must make the consumers clear about the terms of payment and responsible spending.

Limitations of the Study

- This study was carried out among 198 participants, which might not represent all the youth consumers in India.
- This study adopted convenience and snowball sampling procedures to get the sample size used in the study. This makes the results found in this research work hard to generalize.
- This study was conducted using a questionnaire, which means information collected relied on the respondents' opinions and views.
- The research is cross-sectional in nature. As such, this study captures respondents' behaviour at a specific moment.
- The ANOVA test was conducted for spending on BNPL purchases, which varies among respondents of different ages; hence, there are no grounds to claim that BNPL spending causes compulsive purchasing on the part of respondents.

Suggestions:

- Young consumers should consider their ability to repay BNPL providers before using BNPL services.
- Consumers should not use BNPL services only because they make premium and expensive products more accessible.
- BNPL companies should disclose instalment amounts, repayments schedules and charges in a clear manner.
- Spending limits and the budgeting function can be implemented to ensure that consumers do not spend more than they can afford through BNPL services.
- Financial literacy programs have to be developed to educate the consumers on the implications of using digital credit.
- More research can be done using the larger sample size to generalize the results of this study.
- Additional research can be conducted to establish other variables that can predict the use of BNPL services and the amount spent using the services.

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